

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2010-91-C - ORDER NO. 2010-661
SEPTEMBER 30, 2010

IN RE: Petition of Virgin Mobile USA, L.P. for)	INTERIM ORDER
Limited Designation as an Eligible)	APPROVING JOINT
Telecommunications Carrier)	PROPOSAL

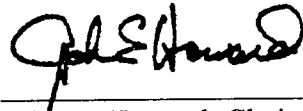
This matter comes before the Public Service Commission of South Carolina (“Commission”) pursuant to the joint request of Virgin Mobile USA, L.P. (“Virgin Mobile”) and the South Carolina Office of Regulatory Staff (“ORS”) that the Commission grant preliminary approval to a Joint Proposal submitted by Virgin Mobile and ORS under which Virgin Mobile would establish a corporate affiliate to be named Assurance Wireless of South Carolina, LLC (“Assurance Wireless”), which would, in turn, adopt the above-captioned petition in all respects. Lifeline customers of Assurance Wireless would each receive a free wireless handset and 200 minutes of free airtime every 30 days, and additional minutes beyond the monthly allocation of 200 could be purchased at a rate not to exceed ten cents per minute. A copy of the Joint Proposal is attached to this order and incorporated by reference as Appendix A.

The Commission has reviewed the attached Joint Proposal and hereby grants interim approval, pending the parties’ execution of a formal agreement, filing of all necessary verified testimony, and completion of all statutory and regulatory requirements prerequisite to the designation of Assurance Wireless of South Carolina, LLC as an Eligible Telecommunications Carrier pursuant to Section 214(e)(2) of the

Communications Act of 1934, as amended, 47 U.S.C. §214(e)(2), and S.C. Code Ann. Regs. §103-690 (Supp. 2009). After Virgin Mobile and Assurance Wireless complete all of these requirements, Assurance Wireless may seek final approval of its petition by the Commission.

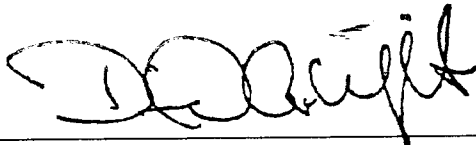
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



John E. Howard, Chairman

ATTEST:



David A. Wright, Vice Chairman
(SEAL)

PROPOSAL

Virgin Mobile USA, L.P. (“Virgin Mobile” or the “Company”) has applied to the South Carolina Public Service Commission (“PSC” or “Commission”) for designation as an Eligible Telecommunications Carrier (“ETC”) for the limited purpose of providing Lifeline services to low-income South Carolina households. If designated as an ETC, Virgin Mobile would use support from the federal Universal Service Fund (“Federal USF”) only for purposes of providing its “Assurance Wireless Brought to You by Virgin Mobile” Lifeline offering, which consists of a free wireless handsets and 200 free minutes of wireless airtime each month. Virgin Mobile would not seek, and would not accept, support from the Federal USF high-cost fund or the South Carolina Universal Service Fund (“State USF”).

Background. Under prior Commission decisions, commercial mobile radio service providers (wireless carriers) are not required to contribute to the State USF. However, the Commission has established a limited exception to this exemption for a wireless carrier that has been designated as a Carrier of Last Resort or as an ETC by the Commission. In this situation, the Commission deems any such carrier to be indicating its intent to compete with wireline local exchange carriers and thus requires it to contribute to the State USF. Where one company owns both a carrier that has been designated as an ETC (and therefore subject to State USF contribution obligations) and a non-ETC wireless carrier not subject to State USF contribution obligations, the Commission only requires the ETC entity to contribute to the State USF based on its South Carolina intrastate and interstate revenues. The commonly-owned, non-ETC wireless carrier is not required to contribute. For example, AT&T Communications owns both BellSouth, an ETC, and AT&T Mobility, a major provider of wireless service in South Carolina, but not an ETC. AT&T/BellSouth, the incumbent local exchange carrier, is required to contribute to the State USF on its South Carolina retail end user telecommunications service revenues. However, AT&T Mobility, AT&T’s wireless provider, is not currently required to contribute to the State USF.

Proposal. Virgin Mobile has established a separate and distinct corporate affiliate named Assurance Wireless of South Carolina, LLC (“Assurance Wireless SC”). Virgin Mobile will file in the current ETC docket (Docket No. 2010-91-C) an amendment to its pending ETC application assigning that application to Assurance Wireless SC, which will adopt the application in all respects. Simultaneously, the Company will file an executed version of this agreement with the Commission. It will also file verified testimony, which describes the transaction and Assurance Wireless SC. The Commission will then issue a notice inviting comment on the proposed assignment of the ETC application to Assurance Wireless SC and on the agreement. If no comments are received within the notice period, the Company may request the Commission to act on the amended application without holding a hearing. Assurance Wireless SC’s only business activity will be to provide Lifeline services to qualified low-income South Carolina households. Like other wireless ETCs, Assurance Wireless SC will be required to contribute to the State USF on revenues earned from South Carolina consumers. Like other wireless carriers operating in South Carolina, Virgin Mobile will not be required to contribute to the State USF. Assurance Wireless SC will not be entitled to receive support from the State USF and will be subject to all South Carolina laws, regulations and policies governing ETCs in general and the provision of Lifeline service in particular.

Lifeline customers of Assurance Wireless SC will receive a free wireless handset and 200 minutes of free airtime every 30 days. In addition, Lifeline customers will be allowed to purchase additional minutes of wireless airtime at a rate not to exceed \$0.10 per minute.

ORS will support the application of Assurance Wireless SC for designation as a Lifeline-only ETC, (including its request that the Commission waive that portion of Commission Regulation 103-690 requiring a “cream-skimming” analysis), and will recommend to the Commission that Assurance Wireless SC’s application for ETC designation be approved subject to the following conditions:

1. Assurance Wireless SC agrees to offer Lifeline services consistent with the rates, terms, and conditions contained in its rate schedules and website and will publish the availability and the pricing of these same offerings on its website.
2. Assurance Wireless SC agrees to only seek direct low-income support from the Federal USF for those lines provided through the use of its own network. Until modified by the Commission, Assurance Wireless SC agrees to utilize TANF, Food Stamps, and Medicaid as the qualifying criteria for the Lifeline program throughout the company’s ETC designated area.
3. Assurance Wireless SC agrees to provide Lifeline customers a company-funded monthly \$3.50 credit in order that the federal matching monies can be maximized. This will yield a total Lifeline credit of \$13.50 per month, which is consistent with the state and federal credits offered in South Carolina.
4. Assurance Wireless SC agrees to offer Lifeline customers additional minutes, should the customer exceed their chosen monthly plan, at a rate not to exceed \$0.10 per airtime minute.
5. Assurance Wireless SC agrees to make number portability available to all incoming and outgoing customers.
6. Assurance Wireless SC agrees that it will abide by all advertising, reporting and verification requirements established by the FCC and the Commission for Lifeline services.
7. Should Assurance Wireless SC seek designation as an ETC for high-cost support, Assurance Wireless SC will file an additional and separate application with the Commission that addresses all applicable state and federal laws, rules and regulations, including, but not limited to, an appropriate build-out plan that includes the use of its own facilities to provide services to unserved and underserved areas and a cream skimming analysis in the rural areas where the Company provides service below the study areas level.
8. Assurance Wireless SC agrees that it will not seek reimbursement from the Federal USF for resold services where the company receives the Lifeline services through an underlying carrier.

9. Virgin Mobile agrees to file with the ORS a certified true copy of its Form 497 filed quarterly with USAC, including revisions thereto, no later than 5 calendar days after the Form or revision is filed with USAC.
10. If Assurance Wireless SC provides roaming services, the Company will suspend any roaming charges for its South Carolina Lifeline customers.
11. Assurance Wireless SC agrees to implement a program for initial certification and annual verification that ensures that only one eligible Lifeline customer per residential address receives Lifeline services.
12. Assurance Wireless SC agrees to provide E911 compliant handsets to new Lifeline customers and replace any non-compliant handsets for its existing customers who are approved as Lifeline customers at no charge.
13. Assurance Wireless SC agrees to submit a quarterly report to ORS demonstrating the number of Lifeline customers who have been deactivated by Assurance Wireless SC during the prior quarter due to: (1) non-payment on their customer account during two consecutive 30-day periods; (2) failure to pass the annual verification requirement; or (3) voluntary deactivation by the customer.
14. Assurance Wireless SC shall comply with all applicable state and federal laws, rules, and regulations regarding ETC designation and reporting requirements. More specifically, Assurance Wireless SC agrees to abide by the Commission regulations regarding designation of an ETC found in S.C. Code Regulation 103-690.
15. Assurance Wireless SC agrees to comply with all South Carolina laws pertaining to wireless carriers operating within the State of South Carolina.